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TAGS: PGOV PREL ECON KISL MY

SUBJECT: 2006 UMNO GENERAL ASSEMBLY: A MALAY/MUSLIM  
FOREIGN POLICY

REF: A. KUALA LUMPUR 2167

1B. KUALA LUMPUR 2147

1C. KUALA LUMPUR 1994

Classified By: Deputy Chief of Mission David B. Shear for reasons 1.4 (b, d).

Summary

11. (C) Prime Minister Abdullah's keynote address to the 2006 UMNO General Assembly described a "fiercely independent" foreign policy focused on the Muslim world, and practical rather than confrontational in tactics. Before the Malay-Muslim party members, Abdullah focused exclusively on the concerns of fellow Islamic countries, noting Malaysia's OIC role and the need to rehabilitate the image of Islam. Unlike Abdullah, who refrained from directly bashing the West, Deputy Prime Minister Najib castigated "the big powers" for their "mischievous agenda" and for misusing the War on Terror to violate human rights. On economic policy, Abdullah criticized Malaysia's neighbors for selling away their sovereignty for foreign investment. He pledged not to surrender the Malays to short-term solutions brought about by privatizing Malaysia's economic assets or trading them for more FDI. Abdullah and Najib avoided the subject of free trade agreements, but others did not. UNMO Youth debated the need for a free trade agreement with the United States, and warned against falling prey to an American agenda. Minister of International Trade and Industry Rafidah Aziz tread lightly on the subject, but vowed Malaysia would never sign away the affirmative action policies of the New Economic Policy and the Malay Agenda. This is the third in a three-part series of reports covering the 57th United Malays National Organization's (UMNO) General Assembly which was held in Kuala Lumpur, November 13-17. End Summary.

Abdullah Outlines a Muslim Foreign Policy

12. (U) Prime Minister Abdullah Badawi's keynote address to the UMNO General Assembly laid out the cornerstones of a Malay/Muslim foreign policy. He described Malaysia's foreign policy as "fiercely independent," one intended to "vigorously" defend Malaysia's sovereignty. Malaysia would defend its national interests without compromise and without being "forced to ask others for assistance." Abdullah highlighted diplomatic channels and tactful approaches as options for smaller countries to achieve their objectives. Focusing exclusively on the Muslim world, Abdullah listed Malaysia's foremost foreign policy challenges: domination and occupation of Islamic countries; internal conflicts among Muslims; terrorism and extremism in the name of Islam; and "the widening differences between Islam and the West." He noted that Muslim themselves are killing fellow Muslims, and the actions of some Muslims bring shame to Islam, resulting

in a worsening of Islam's image in the eyes of the world. He later specified Malaysia's concern for a "just solution to the Palestinian problem," "peace in Iraq and Afghanistan," and "justice and fairness for Muslim countries."

¶3. (U) Abdullah said that as OIC Chairman, he "cannot lead by being confrontational." He urged Muslim countries to "strategize better together" and "prioritize unity among the Muslim world" to achieve their goals. As an example, he cited Muslim world pressure on the West to halt bombings in Lebanon. He suggested Muslim countries were not ready to take more "drastic action" such as "using oil as a bargaining tool" or selling down U.S. dollars. Abdullah described a responsibility to "extricate the Islamic world from crisis" and "restore Islam's past glory." He noted Malaysia's focus within the OIC on economic programs to help poor OIC countries, including the Islamic Financial Masterplan.

#### Najib Castigates Big Powers

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¶4. (SBU) Deputy Prime Minister Najib Tun Razak included a discussion of the "international scenario" in his own opening address on November 13 to UMNO's Youth, Women and Puteri wings. In contrast to Abdullah, Najib launched into an emotive bashing of "certain powers" who in the Middle East pushed a "mischievous agenda" allowing for the illegal invasion of sovereign nations and the violation of human rights "in the name of the so-called 'War on Terror.'" In West Asia, the big powers acted as "raucous international bullies" who had little regard for the world opinion. He claimed citizens in these powerful countries had lost confidence in their leaders and ascribed the U.S. election results to "public outrage over the problems in Iraq." We

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urged these powers to address the legitimate grievances of the people in order stop conflicts in Palestine, southern Thailand and southern Philippines. Najib praised Malaysia's progress and unity as valuable assets, and noted international recognition for the country's achievements in fighting extremism, preserving peace and effectively managing a multi-racial society.

#### The Economic Arena

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¶5. (C) Abdullah extended the theme of independence and nationalistic vision into the economic arena. He spun Malaysia's loss of competitiveness in attracting foreign investment (described in a recent UNCTAD report; ref C) as an indication of his determination to maintain the country's independence. Abdullah asserted that "Malaysia is not keeping pace with other countries because we are not open to mergers and acquisitions in this country" and explained that his government's policy is to "maintain control of strategic assets because of national interest." He suggested that Malaysia could increase FDI many times over, but that this would entail some loss of control over the economy. "If I do that," he told his audience, "you will be the first to condemn me," but he concluded that he would not "gamble away our inheritance in search of hollow victories." More broadly, Abdullah eschewed "quick fixes" and urged UMNO members to focus on "transforming the economy in more meaningful and sustainable ways." In this regard, he cited his policies to reduce the budget deficit, cut subsidies for fuel and other commodities, and increase spending on agro-industry, human capital development and R&D.

#### Double-talk on the FTA

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¶6. (U) Addressing the UMNO Youth wing, Youth Information Chief Azimi Daim warned the delegates of dangers Malaysia

faced in inking a free trade agreement with the United States. UMNO Youth, he said, were concerned that Malaysia may be cheated. He claimed that experience had shown that several countries, especially Australia and Canada, had signed lop-sided FTAs that favored the U.S. "We're worried. Even Canada has been cheated. We don't want Malaysia to face the same fate because we have been cheated many times before." Azimi criticized Malaysia's Economic Partnership Agreement signed last year with Japan and faulted the Malaysian government for signing an agreement which damaged the domestic automobile manufacturer, Proton.

**¶7.** (U) Azimi's comments brought only half-hearted replies from the Minister of International Trade and Industry and UMNO Wanita (Women)'s chief, Rafidah Aziz. In her speech the following day, Rafidah chose her words carefully in addressing the race-focused crowd. Malaysia will not sign trade agreements with any country, including the United States, if it involves sacrificing the interest of the Malays, she said. She stated that Malaysia will not entertain any request that will "affect and erode" the government's affirmative action policies such as the New Economic Policy and the Malay Agenda. She added, "Only the Malaysian government has the right to determine the policies, whether to accept or reject the proposals, and this is the basis of any of our negotiations. No one has the right, even the U.S., to determine the outcome of the negotiations and the agreement of the FTA." Nevertheless, Rafidah defended FTAs in general and stated that Malaysia can benefit when it enters into fair agreements. She defended the agreement with Japan and noted that since the agreement took effect, Japan has seen 6,613 Malaysian products enter the market duty-free. In turn, Rafidah added, Japan as been providing training to Malaysia's automobile sector.

#### Applause for Palestine, Recognition for "Fraternal" Parties

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**¶8.** (C) The UMNO General Assembly featured observers from foreign fraternal political parties, as well as select diplomatic missions. The opening ceremony included introductions of the foreign party representatives, drawn from ASEAN neighbors, Communist parties, and a rogue's gallery of Non-Aligned countries and pariah states. Standing up to take a bow were party officials from Cuba, Iran, North Korea, Sudan, Venezuela, and Zimbabwe, among others. Two Palestinian representatives received thunderous and sustained applause from the thousands of UMNO delegates, a reaction that outstripped any we heard for Abdullah or other UMNO leaders.

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#### Comment

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**¶9.** (C) Foreign policy discussions clearly took a back seat to domestic politics, particularly the racial and religious agendas, at the 57th UMNO General Assembly. Malay politicians often use foreign affairs as rallying points or convenient distractions, and undoubtedly Palestine and Middle East issues have a deep resonance with Malay constituents. However, foreign policy does not constitute bread and butter politics in Malaysia. Nevertheless, Prime Minister Abdullah clearly defined two over-arching policy considerations when dealing with other nations -- Malaysian independence and unity of purpose with other Muslim majority nations. Had he not been addressing only his Malay/Muslim supporters, Abdullah might have expanded his remarks to encompass solidarity with the Non-Aligned world and a focus on relations with ASEAN states. Left unsaid was Malaysia's preoccupation with overseas trade and investment opportunities. These principles represent a continuation of key elements of Mahathir's foreign policy, albeit with a heavier emphasis on the Islamic world.

¶10. (C) UMNO's assembly highlighted the fact that the GOM has done very little to convince even its most ardent supporters that a free trade agreement with the U.S. is in Malaysia's best interest. Rafidah's defense of FTAs in general was refreshing, but she did nothing to educate delegates on the benefits a FTA with America could bring. Defending race-based preferences remained the most important agenda item, even when discussing ongoing government actions such as the FTA negotiations with the United States.

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